

## **Press release**

### **EU stress test for banks has limited relevance for HRE**

**Munich, 23 July 2010** – The HRE Group (HRE) has carried out the European stress test using the scenarios, methods and assumptions prescribed by the Committee of European Banking Supervisors (CEBS). The outcomes of the stress testing exercise have shown that the HRE Group exceeds the 6% tier 1 ratio required by CEBS for all scenarios, except for two cases which test particularly negative conditions for 2011. HRE maintains the regulatory minimum tier 1 ratio of 4% in all stress scenarios tested.

It should be noted that the stress testing outcomes for 2011 have limited relevance for the Group. For instance, the test has not taken into consideration the transfer of assets worth up to €210 billion to FMS Wertmanagement – the deconsolidated environment to which assets will be transferred from the HRE – which is scheduled for the second half of 2010. This transfer will substantially reduce risk-weighted assets. Furthermore, given that the financial markets crisis has not been fully resolved, the HRE Group applied to SoFFin for a recapitalisation in an aggregate amount of €10 billion, of which €7.87 billion has been approved to date. Given full recapitalisation, HRE would exceed the 6% tier 1 ratio for all scenarios used in the current stress test.

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